GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

STARRED QUESTION NO:34
ANSWERED ON:01.12.2015
Cash Subsidy
Joshi Shri Pralhad Venkatesh;Verma Shri Rajesh

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government proposes to launch a scheme for direct transfer of subsidy provided under the Public Distribution System into the bank accounts of the beneficiaries, if so, the details thereof and the benefits likely to accrue therefrom;
(b) whether any guidelines have been issued to the States in this regard and if so, the details thereof;
(c) whether the said subsidy would be indexed against inflation, if so, the details thereof and if not, the reasons therefor; and
(d) the relative merits and demerits of the said scheme?

Answer

MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION
(SHRI RAM VILAS PASWAN)
(a) to (d): A Statement is laid on the Table of the House.
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STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (d) OF THE STARRED QUESTION NO. *34 DUE FOR ANSWER ON 01.12.2015 IN THE LOK SABHA
(a) to (d): Direct Benefit Transfer (DBT) is being implemented on pilot basis in UTs of Chandigarh and Puducherry w.e.f. September 2015 as per the 'Cash Transfer of Food Subsidy Rules, 2015', which was notified on 21-08-2015, under the National Food Security Act, 2013. The Rules stipulate that the DBT scheme shall be implemented in identified areas for which there is a written consent of the State Government for implementation of the Scheme. Section (5) of the Rules stipulate that the amount of food subsidy payable to beneficiaries shall be computed by multiplying entitled quantity of foodgrains with difference between 1.25 times applicable Minimum Support Price (MSP) and the Central Issue Price (CIP) or as may be revised from time to time by the Central Government. Since the amount of cash transfer is linked to MSP, per unit cash transfer will increase with the annual increase in MSP. Under DBT, cash transfers occur in the bank accounts of the beneficiaries directly, thereby ruling out possibility of leakages. It also leads to savings in operational expenditure involved in procurement of foodgrains, its storage and distribution through Fair Price Shops. However though the DBT gives a choice to beneficiaries to buy foodgrains from anywhere in the open market, it is not possible to ascertain actual utilization of cash. Besides, State Govt. also need to ensure round the year availability of foodgrains with easier access to beneficiaries at a reasonable price.
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